

Department of the Treasury Division of Purchase and Property Training



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- STATE CONTRACT MANAGEMENT (SCM)
CIRCULAR 14-08-DPP
 - LINK: [CLICK HERE](#)
 - DELEGATED PURCHASING AUTHORITY (DPA)
CIRCULAR 26-02-DPP
 - LINK: [CLICK HERE](#)

The Contract Manager:

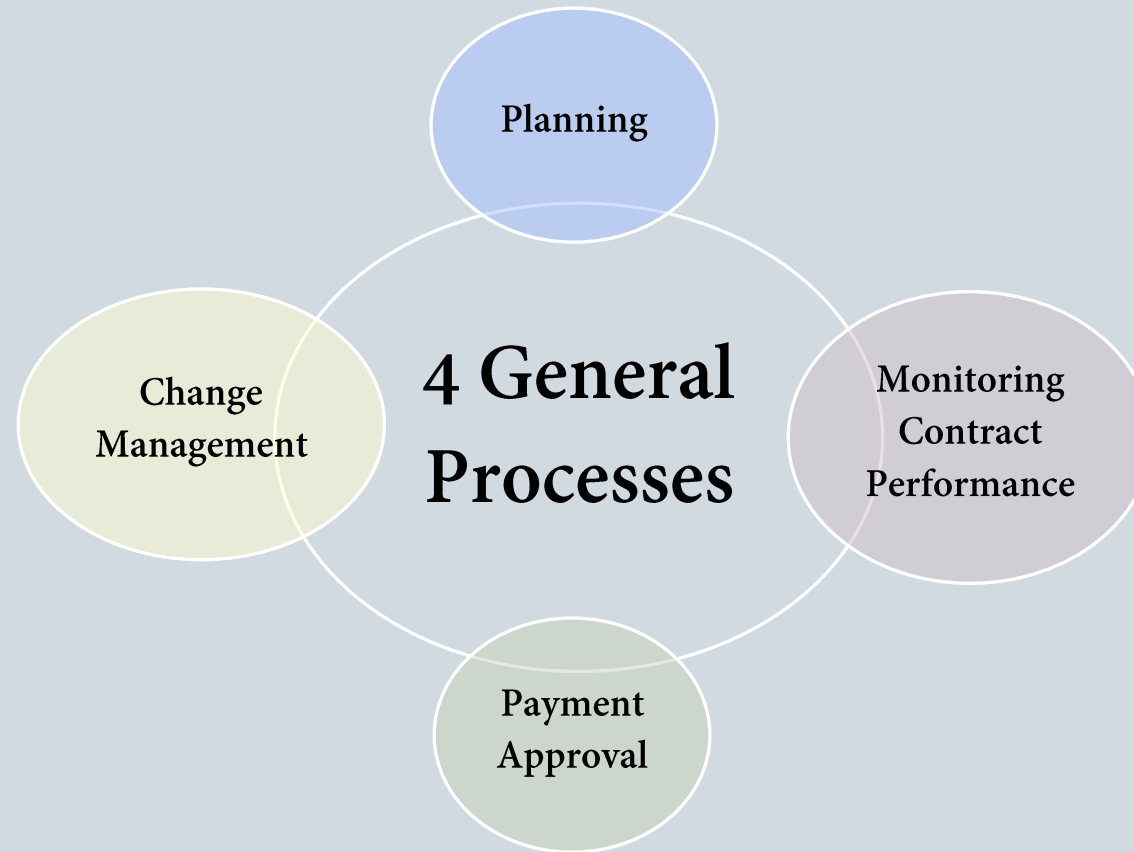
- The Contract Manager is an individual or team tasked with the responsibility of managing the contract.
- This duty is best suited to individuals who understand the contract itself. They should understand the need for it and have the soft skills to interact with people; particularly individuals who may have divergent or conflicting interests.
- The duties of the Contract Manager are ongoing through the life of the contract.

Contract Management is:

- Critical to the success in procuring products and services from office supplies to implementation of statewide computer systems, acquisition of vehicles, to the hiring of consultants.
- Management of all actions after award of contract.
- Ensuring that the contract performs as intended is essential.
- Needed to ensure that taxpayer dollars are well spent and ultimately saved through efficient contract management.
- Established by law (N.J.S.A. 52:34-10:7) and enforced via Circular.



Contract Administration



Planning

- The Scope of Work (SOW) is the roadmap for contract administration. Planning for contract administration occurs prior to issuance of the Request for Proposal (“RFP”) or Request for Quotation (“RFQ”).
- Some Elements of the Scope of Work (SOW):
 - Anticipated costs;
 - Contract Performance- how goods/services are delivered, when, etc.;
 - Acceptance/Rejection Terms;
 - Contract Dates – effective dates, renewal terms, etc.;
 - Complete addresses – where correspondence is to be sent, where payments are to be made, etc.; and
 - Kick-Off Meeting.

Planning

- Planning activities focus on general administrative activities including, but not limited to:
 - Management of contract amendments;
 - Schedule and payment;
 - Advance coordination; and
 - Scheduling of resources.
- Expected outcome measures- staging of deliverables which should be tied to the payment schedule – **Deliverables must be measurable and enforceable!**

Monitoring Performance

- The key function of proper contract administration is to ensure that both the contractor and Using Agency are performing all duties in accordance with the contract.
- Small dollar value, or less complex contracts may require less, if any, monitoring, but the size of the contract should not determine effort. The agency should be comfortable with the contractor's performance and the level of risk associated with the contract.

Monitoring Issues:

- Determine what to monitor and the type of monitoring required;
- Establish expectations for those responsible for contract monitoring and establish an understanding of what will be monitored/criteria used to evaluate performance;**
- How to use the results of monitoring reviews; and
- Monitoring by Third Parties.

Determining What to Monitor

- State Contract Manager must **review** the statement of work and other contract terms, including **contract compliance requirements**.
- The State Contract Manager must **design the monitoring program** to focus on items that are most important.
- Monitoring should focus on the outcomes that result from the contract.
- Consider the risks to the State/public if deliverables agreed to by the contractor are not met.

Consider the following Questions:

- I. How will you know that the agency is receiving what it paid for?
- II. How will you know the contractor is complying with the terms of the contract?
 - I. Timecards;
 - II. SIGN-OFFS – Important for Labor Rate Contracts; and
 - III. Contract Payment Methodology.

Payment Approval

- Costs incurred by the contractor must be in accordance with the contract's price lines and applicable rates.
- Invoices must be reviewed to ensure the contractor's billing coincides with the contract's progress. Costs incurred, or invoices submitted, are not sufficient indicators of the contractor's work progress, which **must be measurable**.
- Payment must be withheld pending agency approval of the contractor's progress.
- For fixed price contracts, verify delivery and acceptance.
- Payments must be made in accordance with the New Jersey Prompt Payment Act- Reference Circular Letter "Payments to Vendors" (26-03-OMB).
- Invoices must be reviewed to ensure:
 - The contractor is billing only for goods or services received by the agency;
 - The goods and/or services have been accepted;
 - The invoice is correct and complies with the contract terms and conditions; and
 - The total payments do not exceed the contract limits.

Change Control Management

- During the term of the contract, it may become necessary to make changes to the contract.
- Changes can be minor administrative changes, such as a change of address or substantial changes that affect price and delivery.
- Contracts should include an effective change control management process.

An Effective Change Control Management Process Includes:

- Formal, prior written approval from the Director of the Division of Purchase and Property of all changes **prior to the change taking place.**
- Evaluation of the impact of each change to the contracting objective, the corresponding deliverable and/or products, the schedule, cost, and increase in agency cost resulting from the change, impact to work in progress/completed work, standards, and acceptance criteria.
- **Document all changes- no matter how small-** to avoid any informal undocumented change process.
- The State Contract Manager (SCM) is to be the single point of contact to recommend or authorize any change as approved or disapproved. If approved, the State Contract Manager (SCM) **must document the change and its impact to the scope of work through a contract amendment** signed by the Director, DPP, or minimally a letter to the contract file in the case of minor deviations agreeable to both parties, whichever is applicable.
- A formal process laid out in the contract for different levels and numbers of individuals involved in the approval process depending on the cost impact of the change.

State Contract Manager Training

- All assigned State Contract Managers as well as agency personnel that perform Delegated Purchasing Authority (DPA) purchases need to complete the online training and successfully pass the online test.
- To request training/test please email scm.support@treas.nj.gov and include your full name, email, telephone number, and supervisor's name.

Questions

State Contract Manager

scm.support@treas.nj.gov